

Message Text

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61

ORIGIN NEA-16

INFO OCT-01 EUR-25 IO-14 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-11 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

SS-20 USIA-15 AID-20 COME-00 EB-11 FRB-03 TRSE-00

XMB-07 OPIC-12 CIEP-03 LAB-06 SIL-01 OMB-01 STR-08

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DRAFTED BY NEA/IAI:EWBIZIC:DF

APPROVED BY NEA - HHSAUNDERS

NEA/IAI - WBSMITH

NEA/EGY - FMATTHEW

NEA/ARN - DAKORN

NEA/ARP - FDICKMAN

NEA/AFN - MWILEY

P - ARAPHEL (INFO)

B/CBA/BR:RBUSHNELL (INFO)

COM - MR. HEARN (INFO)

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R 300103Z JUL 74

FM SECSTATE WASHDC

TO AMEMBASSY CAIRO

INFO AMEMBASSY ABU DHABI

USINT ALGIERS

AMEMBASSY AMMAN

AMEMBASSY BEIRUT

AMEMBASSY DAMASCUS

AMCONSUL DHAHRAN

AMCONSUL JERUSALEM

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY PARIS

AMEMBASSY RABAT

AMEMBASSY SANAA

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AMEMBASSY TEL AVIV

AMEMBASSY TRIPOLI
AMEMBASSY TUNIS
USMISSION USUN NEW YORK

C O N F I D E N T I A L STATE 164947

E.O. 11652: GDS

TAGS: EGEN, IS

SUBJECT: ARAB BOYCOTT OF ISRAEL: ALLEGED PLAN TO EASE
BOYCOTT

BEIRUT POUCH BAGHDAD

REF: BEIRUT A-155 NOTAL

1. DEPT HAS SEEN REPORT CARRIED IN JULY 12 ISSUE OF
"BUSINESS EUROPE" (WEEKLY NEWSLETTER PUBLISHED BY BUSINESS
INTERNATIONAL OF GENEVA) THAT PROVISIONS OF ARAB BOYCOTT
OF ISRAEL HAVE BEEN RELAXED: FOLLOWING IS TEXT OF BE
ARTICLE.

2. QUOTE THE ARAB BOYCOTT HAS BEEN EASED. UNDER HEAVY
EGYPTIAN PRESSURE, THE COUNCIL OF THE LEAGUE OF ARAB
STATES HAS RECENTLY APPROVED NEW RULES CONCERNING COMPANIES
OPERATING IN ISRAEL. UP TILL NOW COMPANIES WITH
BRANCHES OR SUBSIDIARIES IN ISRAEL WERE BLACKLISTED.
THE NEW RULES SAY THAT: A) ANY COMPANY INVESTING IN ISRAEL
OR HAVING A JOINT VENTURE WITH A BLACKLISTED COMPANY CAN
AVOID BEING BLACKLISTED IF IT AGREES TO INVEST IN ARAB
COUNTRIES AN AMOUNT EQUIVALENT TO THAT INVESTED IN ISRAEL
OR IN THE JOINT VENTURE WITH THE BLACKLISTED COMPANY; B)
ISRAELI CAPITAL IN THE BRANCH, SUBSIDIARY OR JOINT
VENTURE SHOULD NOT EXCEED FIFTY PERCENT; C) THE INVESTMENT
SHOULD BE CARRIED OUT WITHIN ONE YEAR AFTER APPROVAL BY
BOYCOTT AUTHORITIES; D) IF THESE CONDITIONS ARE FULFILLED,

THE PARENT COMPANY WOULD NOT BE BOYCOTTED. HOWEVER, THE
BRANCH, SUBSIDIARY OR JOINT VENTURE WOULD BE PUT ON THE
BLACK LIST. THE RULES--ADOPTED AMID STRONG RESERVATIONS
FROM THE DEMOCRATIC REPUBLIC OF YEMEN AND LIBYA--ARE
DESIGNED TO ENCOURAGE FOREIGN COMPANIES OPERATING IN
ISRAEL TO INVEST IN ARAB COUNTRIES. END QUOTE.

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3. BUSINESS INTERNATIONAL'S NEW YORK OFFICE INFORMED
DEPT OFF JULY 25 THAT GENEVA HEADQUARTERS HAD OBTAINED
ABOVE INFORMATION FROM CONFIDENTIAL ARAB LEAGUE COUNCIL
CIRCULAR. BI OFFICE SAID THEY WOULD FURNISH COPY TO
DEPT BUT ADDED THAT ARAB LEAGUE NEW YORK OFFICE HAD
DENIED KNOWLEDGE AND VERACITY OF ABOVE REPORT. DEPT WILL
FORWARD COPY OF CIRCULAR WHEN AND IF RECEIVED.

4. BI ARTICLE, IF ACCURATE, WOULD REPRESENT SIGNIFICANT DEVELOPMENT IN ARAB BOYCOTT OF GREAT INTEREST TO U.S. BUSINESS FIRMS, HAVING POTENTIAL IMPACT ON RECENTLY IMPROVED U.S. ECONOMIC RELATIONS WITH CERTAIN ARAB STATES AND POSSIBLY CONTRIBUTING TO MIDDLE EAST PEACE EFFORTS. DEPT WOULD APPRECIATE WHATEVER COMMENTS OR ADDITIONAL INFORMATION ADDRESSEE POSTS MIGHT BE ABLE TO PROVIDE. WE NOTE THAT NO MENTION WAS MADE REGARDING OTHER CATEGORIES OF FIRMS SUBJECT TO BOYCOTT DUE TO THEIR ECONOMIC RELATIONS WITH ISRAEL, E.G., FIRMS WITH GENERAL AGENTS IN ISRAEL OR THOSE MAKING SUBSTANTIAL COMMERCIAL PURCHASES OF ISRAELI GOODS. WE ANTICIPATE INQUIRIES FROM U.S. COMPANIES ON BLACKLIST WHEN AND IF

REPORT BECOMES WIDELY CIRCULATED.

5. WE NOTE FROM REFAIR THAT BOYCOT LIAISON OFFICES ARE SCHEDULED TO MEET IN LEBANON JULY 29 AND HOPE THIS MAY PROVIDE OCCASION FOR OBTAINING MORE INFORMATION ON ALLEGED NEW BOYCOTT RULES. INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS, TEXT, PUBLICATIONS, BOYCOTTS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974STATE164947
Document Source: CORE
Document Unique ID: 00
Drafter: EWBIZIC:DF
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740206-0504
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974076/aaaaaema.tel
Line Count: 135
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: BEIRUT A-155 NOTAL
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 26 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 APR 2002 by shawdg>; APPROVED <24 FEB 2003 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ARAB BOYCOTT OF ISRAEL: ALLEGED PLAN TO EASE BOYCOTT
TAGS: EGEN, IS
To: CAIRO
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005